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North Dakota REV-E-NEWS

**From Pam Sharp, Interim Director
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Nationally, real gross domestic product is advancing, but only very modestly and not strong enough to generate any new jobs. For the recovery to regain its momentum, the Iraqi conflict must be successfully resolved.

Global oil prices have been inflated by \$5 per barrel due to the assumption that a U.S. led invasion of Iraq will disrupt global energy supplies. Rising energy bills are taking a toll on household budgets nationwide as spending on energy products ranging from gasoline to home heating oil has risen \$50 billion over the past year.

Assuming that a war with Iraq will occur early in 2003, oil prices are expected to spike at the start of the invasion and then are expected to quickly recede as it becomes clear that U.S. military action has been successful. Saudi Arabia and Russia are expected to pump more oil during the conflict to fill any void in supplies and limit price increases.

Economy.com believes that a U.S. military victory resulting in lower energy prices and higher spirits is a necessary condition for an improved U.S. economy. In addition, a recovery is predicated on the passage of a substantive fiscal package and a smooth transition from a consumer-led economy to a business-led economy. *Economy.com* still believes the probability that the recovery fails to rebound and falls back into recession is a one-in-three chance.

North Dakota's unemployment rate for November was 3.2 percent, which was the third lowest in the nation, preceded only by South Dakota and Nebraska. The national unemployment rate for November was 6.0 percent.

North Dakota's retail trade sector reported growth of 2.26 percent in taxable sales and purchases for the third quarter 2002 compared to the third quarter 2001.

Oil Activity

North Dakota has ten oil rigs drilling in North Dakota compared to nine one year ago. The price of oil is in the range of \$28 per barrel.

November oil production was estimated at 84,282 barrels per day, down slightly from October's production of 84,329 barrels per day.

Comments or Questions???

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STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
Compared to November 2002 Executive Forecast
2001-03 BIENNIUM
December 2002

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	November 2002 Executive Forecast	Actual	Variance	Percent	November 2002 Executive Forecast	Actual	Variance	Percent
Sales Tax	25,179,000.00	\$ 24,896,196.99	\$ (282,803.01)	-1.1%	\$ 481,346,587.00	\$ 479,779,023.17	\$ (1,567,563.83)	-0.3%
Motor Vehicle Excise Tax	4,685,000.00	4,310,963.69	(374,036.31)	-8.0%	91,639,695.00	90,218,281.04	(1,421,413.96)	-1.6%
Individual Income Tax	3,665,000.00	4,462,992.00	797,992.00	21.8%	275,975,631.00	275,978,971.10	3,340.10	0.0%
Corporate Income Tax	3,677,000.00	4,240,522.25	563,522.25	15.3%	52,594,874.00	53,287,722.63	692,848.63	1.3%
Insurance Premium Tax	1,800,000.00	1,305,923.78	(494,076.22)	-27.4%	31,570,376.00	31,918,142.55	347,766.55	1.1%
Financial Insitutions Tax		55,836.00	55,836.00	100.0%	2,982,058.00	2,755,448.04	(226,609.96)	-7.6%
Oil & Gas Production Tax	1,624,000.00	1,931,418.05	307,418.05	18.9%	30,082,966.00	30,619,064.98	536,098.98	1.8%
Gaming Tax	400,000.00	367,388.41	(32,611.59)	-8.2%	20,245,281.00	20,384,897.59	139,616.59	0.7%
Interest Income	236,000.00	92,556.52	(143,443.48)	-60.8%	6,758,888.00	6,493,033.25	(265,854.75)	-3.9%
Oil Extraction Tax	1,072,000.00	1,079,787.81	7,787.81	0.7%	16,819,648.00	16,942,930.62	123,282.62	0.7%
Cigarette & Tobacco Tax	1,702,000.00	1,588,884.87	(113,115.13)	-6.6%	30,556,530.00	30,421,681.95	(134,848.05)	-0.4%
Departmental Collections	1,700,000.00	1,295,934.67	(404,065.33)	-23.8%	44,787,273.00	45,072,171.77	284,898.77	0.6%
Wholesale Liquor Tax	496,000.00	418,960.31	(77,039.69)	-15.5%	8,440,220.00	8,403,658.34	(36,561.66)	-0.4%
Coal Conversion Tax	2,051,000.00	2,065,659.98	14,659.98	0.7%	35,425,496.00	35,388,925.51	(36,570.49)	-0.1%
Mineral Leasing Fees	30,000.00	(43,857.52)	(73,857.52)	-246.2%	4,675,495.00	4,760,075.62	84,580.62	1.8%
Bank of North Dakota-Transfer	15,000,000.00	15,000,000.00		0.0%	45,000,000.00	45,000,000.00		0.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer					1,022,544.00	1,022,544.00	-	0.0%
Other Transfers		0.96	0.96	100.0%	71,249.00	84,439.92	13,190.92	0.0%
Total Revenues and Transfers	63,317,000.00	63,069,168.77	(247,831.23)	-0.4%	1,179,994,811.00	1,178,531,012.08	(1,463,798.92)	-0.1%

COMPARISON TO PREVIOUS BIENNIUM REVENUES
2001-03 BIENNIUM
DECEMBER 2002

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	November 2000	November 2002	Variance	Percent	1999-01	2001-03	Variance	Percent
Sales Tax	\$ 22,540,430.21	\$ 24,896,196.99	\$ 2,355,766.78	10.5%	\$ 457,862,620.07	\$ 479,779,023.17	\$ 21,916,403.10	4.8%
Motor Vehicle Excise Tax *	4,125,860.67	4,310,963.69	185,103.02	4.5%	83,714,860.96	90,218,281.04	6,503,420.08	7.8%
Individual Income Tax	3,611,711.02	4,462,992.00	851,280.98	23.6%	275,076,594.79	275,978,971.10	902,376.31	0.3%
Corporate Income Tax	6,148,804.90	4,240,522.25	(1,908,282.65)	-31.0%	57,850,842.58	53,287,722.63	(4,563,119.95)	-7.9%
Insurance Premium Tax	1,216,247.75	1,305,923.78	89,676.03	7.4%	26,662,011.20	31,918,142.55	5,256,131.35	19.7%
Financial Insitutions Tax	(119,791.00)	55,836.00	175,627.00	-146.6%	2,335,599.16	2,755,448.04	419,848.88	18.0%
Oil & Gas Production Tax	2,796,459.64	1,931,418.05	(865,041.59)	-30.9%	32,861,670.62	30,619,064.98	(2,242,605.64)	-6.8%
Gaming Tax	396,468.09	367,388.41	(29,079.68)	-7.3%	19,858,611.85	20,384,897.59	526,285.74	2.7%
Interest Income	890,300.90	92,556.52	(797,744.38)	-89.6%	14,152,617.42	6,493,033.25	(7,659,584.17)	-54.1%
Oil Extraction Tax	1,496,514.34	1,079,787.81	(416,726.53)	-27.8%	20,506,794.07	16,942,930.62	(3,563,863.45)	-17.4%
Cigarette & Tobacco Tax	1,672,836.49	1,588,884.87	(83,951.62)	-5.0%	32,133,202.43	30,421,681.95	(1,711,520.48)	-5.3%
Departmental Collections	1,201,813.25	1,295,934.67	94,121.42	7.8%	29,428,497.55	45,072,171.77	15,643,674.22	53.2%
Wholesale Liquor Tax	418,453.13	418,960.31	507.18	0.1%	7,699,108.30	8,403,658.34	704,550.04	9.2%
Coal Severance Tax	944,179.33	0.00	(944,179.33)	-100.0%	16,724,658.04	775,793.99	(15,948,864.05)	-95.4%
Coal Conversion Tax	1,075,266.80	2,065,659.98	990,393.18	92.1%	18,810,929.08	34,613,131.52	15,802,202.44	84.0%
Mineral Leasing Fees	345,038.10	(43,857.52)	(388,895.62)	-112.7%	5,842,136.75	4,760,075.62	(1,082,061.13)	-18.5%
Bank of North Dakota-Transfer		15,000,000.00			15,000,000.00	45,000,000.00	30,000,000.00	200.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer					1,035,456.00	1,022,544.00	(12,912.00)	-1.2%
Other Transfers	84,857.07	0.96	(84,856.11)	100.0%	2,141,222.30	84,439.92	2,056,782.38	96.1%
Total Revenues and Transfers	48,845,450.69	63,069,168.77	14,223,718.08	29.1%	1,119,697,433.17	1,178,531,012.08	58,833,578.91	5.3%

* November 2000 Motor Vehicle Excise Tax collections were estimated as the Department of Transportation was converting to a new computer system and was unable to process all the collections.

Revenue Variances

The following comments are based on the December revenue collections compared to the November 2002 executive revenue forecast.

Sales tax collections fell below the monthly forecast by \$282,803 or 1.1 percent. Biennium-to-date collections, based on the November revenue forecast are \$1.6 million or 0.3 percent behind projections.

Motor vehicle excise tax collections fell behind the monthly forecast by \$374,036 or 8.0 percent, resulting in biennium-to-date collections falling below the forecast by \$1.4 million or 1.6 percent.

Individual income tax collections exceeded projections by \$797,992 or 21.8 percent. This excess is based on strong withholdings. Biennium-to-date collections are \$3,340 ahead of projections.

Corporate income tax collections exceeded monthly projections by \$563,522 or 15.3 percent, which brings biennium-to-date collections to \$692,849 ahead of projections.

Insurance premium tax collections fell below projections by \$494,076 or 27.4 percent. This shortfall is likely due to timing. Biennium-to-date collections are now \$347,767 ahead of projections.

Oil and gas production tax collections exceeded the monthly projection by \$307,418 or 18.9 percent, while oil extraction tax collections exceeded projections by \$7,788 or 0.7 percent.

In total, monthly collections for December fell below projections by \$247,831 or 0.4 percent.

